

**GOVERNMENT OF INDIA
PETROLEUM AND NATURAL GAS
LOK SABHA**

UNSTARRED QUESTION NO:3125

ANSWERED ON:05.12.2016

Pending Oil Royalty

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Will the Minister of PETROLEUM AND NATURAL GAS be pleased to state:

- (a) whether huge amounts of oil royalty are yet to be paid to some States including Assam and Maharashtra;
- (b) if so, the details thereof along with the reasons therefor and the steps being taken by the Government in this regard, State/UT-wise;
- (c) the details of latest findings post exploratory drilling in Assam and Arunachal Pradesh; and
- (d) the steps taken to exploit these resources and the technology used therein along with the steps taken to prevent damage to forest cover and possible contamination of ground water?

Answer

MINISTER OF STATE (I/C) IN THE MINISTRY OF PETROLEUM & NATURAL GAS

(SHRI DHARMENDRA PRADHAN)

(a) & (b): At present Oil & Natural Corporation Limited (ONGC), Oil India Limited (OIL) and Private/JV Companies are paying royalty to respective State Governments, in terms of the statutory provisions of Oilfield (Regulation and Development) Act, 1948 (ORDA) and Petroleum & Natural Gas (PNG) Rules, 1959 as amended from time to time, on production of crude oil from their onland fields. The payments of royalty are made regularly.

The State Government of Gujarat filed a Writ Petition in Gujarat High Court demanding royalty on pre-discounted price. The High Court passed an order in the favour of Gujarat Government. ONGC challenged the said order by filing SLP before the Supreme Court of India. The Supreme Court vide order dated 13.02.2014 admitted the SLP of ONGC and an interim direction was issued to pay royalty to the Government of Gujarat on pre-discounted price of crude oil with effect from 01.02.2014. Matter is subjudice in Supreme court. ONGC has deposited an amount of Rs.2169 crore for the period from 1.2.2014 to 30.09.2016 towards differential royalty.

The State Government of Assam also filed a Writ Petition in Guwahati High Court demanding royalty from ONGC and OIL on pre-discounted price in terms of the Supreme Court order dated 13.2.2014. Ministry of Petroleum & Natural Gas vide letter dated 15.07.2016 decided that ONGC and OIL will pay royalty to all similarly placed crude oil producing states at pre-discount price effective from 1.02.2014. Application filed by Assam Government was disposed of by the Guwahati High Court with a direction to ONGC/OIL to make payment in terms of MoPNG

directive dated 15.07.2016. Accordingly, ONGC has paid differential royalty of Rs.301 crore to the State Government of Assam and Rs.92 crore to the state government of Andhra Pradesh upto 31.3.2016. OIL has paid differential royalty of Rs.1149.24 crore and Rs.2.49 crore to Assam and Arunachal Pradesh respectively. As regards the state of Maharashtra, no oil royalty is due because there is no onland field for oil or gas production.

(c) & (d): ONGC is carrying out exploratory activities in its operated acreages falling in Assam State. During the year (2015-16) ONGC, drilled 8 exploratory wells, out of which 4 wells proved hydrocarbon bearing after completion of conventional testing, out of which 2 wells were declared discovery and ONGC has monetized both the discoveries during the current year. In 2016-17, ONGC drilled 6 exploratory wells in Assam.

During the last 2 years, OIL has made a total of 7 discoveries through exploratory drilling in Assam, out of which 4 are in 2014-15 and 3 are in 2015-16.

Under Production Sharing Contract regime one discovery was made in the year 2008 in the state of Assam.

Companies carry out an Environment Impact Assessment (EIA) study and prepare Environment Management Plan (EMP) for getting environment clearance before carrying out development drilling and other development activities as per the guidelines of Ministry of Environment, Forests & Climate Change (MoEF&CC) and State Pollution Control Board.
